



# BACK TALK

BY SANDER A. FLAUM

## Is this a win-win solution?

Apparently, Dr. Ezekiel Emanuel loves to open his window and shout “fire!” We recently noticed this in the *New York Times Sunday Review* when he predicted that PCSK9 inhibitors would raise everyone’s insurance premiums by at least \$124 a year—even if they don’t take one. (As though health insurance should cover only the drugs we take!) Citing an article in the *New England Journal of Medicine*, Dr. Emanuel predicted that 1.1 million people would take these drugs at an average cost of \$11,000 per year per person. The result? Not only will your premiums skyrocket, but your Medicare and Medicaid taxes will go through the roof as well. And then the sky will fall!

Well, his fearmongering didn’t go quite that far, but he did warn that unless pharma can self-regulate its greed, it may be time for government regulation. That’s a comforting thought: Imagine the FDA or, better yet, the current US Congress legislating fair drug prices.

Remember when Turing Pharmaceuticals and Valeant made headlines with astronomical price hikes? A few politicians (you know their names) proclaimed that the solution was instituting federal price controls. As we know, public outcry brought the prices back down to earth, and the “crisis” became just another nonevent. We often forget there’s an even more potent method than jawboning for controlling drug prices: competition.

When Sovaldi—the notorious “\$1,000 pill”—was introduced, our critics were horrified by the \$84,000 cost for treating—and usually curing—hepatitis C. But to their surprise, the price didn’t faze insurers, once they’d considered the alternative: paying for a lifetime of HCV care. Yet Dr. Emanuel and colleagues still bemoaned the price. Then competition reared its head. A new

HCV drug came along, one with similarly impressive efficacy. Guess what? Sovaldi was suddenly being discounted by nearly 50%.

Let’s return to the PCSK9s that are supposedly going to add \$124 to everyone’s insurance premiums. The first two, Amgen’s Repatha and Regeneron/Sanofi’s Praluent, are indeed expected to cost around \$14,000 a year. But according to an April 15 article in *Pharmaceutical Journal*, about 18 more drugs in this class are in development. Not all will survive, but unless the FDA drags its feet during the approval process, I’ll bet that quite a few will reach market. Then you can say good-bye to those \$14,000 price tags.

### Implementing price controls would likely torpedo future competitors

In contrast, implementing price controls on PCSK9 drugs would likely torpedo the development of future competitors. But by encouraging the FDA to accelerate approvals of next-in-class drugs, we encourage both innovation and competition.

When we eventually discover a way to halt the progress of Alzheimer’s disease (as I’m sure we will), you can bet the pioneer drug will cost a lot. It’s also not hard to predict that once again we’ll see Dr. Emanuel wringing his hands and demanding price controls. “Pharma is making us pay a fortune for drugs that many of us will never need to take.”

But until, as a society, we understand the benefit of offering rewards to successful drug developers while permitting fair competition (and I mean fast-tracking rival drugs, not encouraging generics), I fear we’ll encounter this depressing and mean-spirited argument again and again.

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**Medical Marketing & Media** (ISSN 0025-7354) is published monthly by Haymarket Media Inc., 114 W. 26th Street, Fourth Floor, New York, NY, 10001. Telephone 646-638-6000, fax 646-638-6150, website [www.mmm-online.com](http://www.mmm-online.com). Periodical rates paid at New York and additional mailing offices. **Postmaster:** Send address changes to Medical Marketing & Media, P.O. Box 316, Congers, NY 10920, or call 800-558-1703. Copyright 2015 by Haymarket Media, Inc. All rights reserved under Universal and Pan-American Copyright Conventions. No part of this publication may be reproduced without written permission. **Subscription Rates:** US \$148 per year; Canada \$178, International and Mexico \$248. Single copies: US \$20, all other countries \$30.